

Japanese Bank

4427. SHRI BHAKTA CHARAN DAS : Will the Minister of FINANCE be pleased to state :

(a) whether five Japanese banks have recently applied to the Indian Government for setting up banks in India;

(b) if so, the details thereof; and

(c) the decision taken by the Government in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) No, Sir.

(b) and (c) Do not arise.

Import Tariffs

4428. SHRI N.S.V. CHITTHAN : Will the Minister for the state in the Ministry of FINANCE be pleased to state :

(a) whether the World Bank is pressuring India to reduce the import tariffs;

(b) if so, the details thereof;

(c) the impact of reduction in import tariff on revenue collections; and

(d) the alternate sources of revenue on account of lower tariffs on imports ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (d) Policy making is the sovereign right of the Government of India and there is no question of the World Bank or any other external agency exerting pressure on the Government of India to accept its suggestions. However, World Bank in its Country Economic Memorandum 1996 has indicated that it will be important for India to continue to lower tariffs to be able to compete with the more open economies of East Asia, Latin America and the emerging European former socialist economies and also to provide a stronger foundation to India's growth process.

ADB Loan for Economic Reforms in Gujarat

4429. SHRI MADHAVRAO SCINDIA : Will the Minister of FINANCE be pleased to refer to reply given to Unstarred Question no. 1173 dated the February 28, 1997 regarding ADB loan to Gujarat and state :

(a) whether the said programme is likely to be implemented in some other States of the country; and

(b) if so, the details thereof, statewise ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) The Asian Development Bank is exploring the possibilities of assisting some of the other States through reform based lending. The States and programme content will be known after these are firmed up by the ADB.

Mahila Courts in U.P.

4430. SHRI BHAGWAN SHANKAR RAWAT : Will the Minister of LAW AND JUSTICE be pleased to state the number of Mahila Courts set up in Uttar Pradesh, locationwise during the last three years to deal with the cases related to crimes against women ?

THE MINISTER OF STATE OF THE DEPARTMENT OF LEGAL AFFAIRS, LEGISLATIVE DEPARTMENT AND DEPARTMENT OF JUSTICE (SHRI RAMAKANT D. KHALAP) : Information is being collected and will be laid on the Table of the House.

Statutory Auditors

4431. DR. T. SUBBARAMI REDDY :
SHRI SONTOSH MOHAN DEV :

Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has decided to take comprehensive examination of the role of statutory auditors in banks;

(b) whether a number of guidelines have been issued to various banks in this regard;

(c) if so, the details thereof;

(d) whether a number of conditions have been imposed that the current auditors should directly report to the Central Bank the shortcomings in compliance by the banks; and

(e) if so, to what extent this directive has been implemented by the banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) Yes, Sir.

(c) Reserve Bank of India (RBI) has informed that in terms of guidelines issued by RBI, banks have been instructed to ask auditors to verify, as part of statutory audit of banks, compliance with SLR requirements under Section 24 of the Banking Regulation Act, 1949 on 12 odd dates in different months spread over the entire year not being

Fridays and report thereon separately both to the top management of the bank and to the RBI. Banks have also been asked to instruct the auditors to give certificates to be submitted to RBI to the effect that (i) the treasury operations of the bank have been conducted in accordance with the instructions issued by RBI from time to time and (ii) the income recognition, asset classification and provisioning have been done as per the guidelines issued by RBI from time to time.

(d) and (e) RBI have informed that statutory auditors are also required to report as soon as the audit work is completed to the management of the bank as well as to the RBI any serious irregularities noticed in the bank's working which requires immediate attention. All conditions in this regard are incorporated by banks in the appointment letters issued to statutory auditors and certificates are furnished by auditors of banks.

Permission to CBI to Investigate Fraud Cases

4432. SHRI ANNASAHIB M.K. PATIL : Will the Minister of FINANCE be pleased to state :

(a) whether attention of the Government has been drawn to the news-item captioned "Bank fraud probes: CBI unhappy with fetters" appearing in the Observer dated January 21, 1997;

(b) if so, the details of the facts reported thereon;

(c) the details regarding the cases of reported financial irregularities/frauds in which CBI has sought permission from the New Competent Authority in the Finance Ministry with present status of these cases; and

(d) the reaction of the CBI to the new arrangement proposed and the steps proposed to ensure effective coordination among Government agencies ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (d) Government have seen the news item referred to in the Question. The Government have not curtailed the powers of the Central Bureau of Investigation (CBI). The Single Directive as amended from time to time has been issued after taking into account the views of the Central Bureau of Investigation. The Single Directive provides that in regard to decision making level officers (Joint Secretary or equivalent or above), the prior sanction of the Secretary of the Ministry/Department concerned should be obtained before CBI takes up any enquiry (Preliminary Enquiry or Regular Case) including ordering search in respect of such

officers. The procedure is applicable in the case of decision making level officers of the Central Government or such officers as are or have been on deputation to Public Sector Undertakings; Board level officers in Public Sector Undertakings; Officers of the Reserve Bank of India of the level equivalent to Joint Secretary or above in the Central Government, Executive Directors and above of the Securities Exchange Board of India and Chairman and Managing Directors (CMDs) and Executive Directors as well as such of the Bank officers who are one level below the Board in Nationalised Banks. This provision in the Single Directive has been made to ensure that the honest officers at the decision making level are protected against unnecessary investigation while the corrupt and guilty are punished.

In The news item a reference has been made to registration of a case by CBI against former CMD, Indian Bank relating to sanction of overdraft to M/s. Arun Builders by Indian Bank. In this case, CBI had requested in September 1995 concurrence of the Finance Ministry for registration of a Preliminary Enquiry against former CMD, Indian Bank. The request was considered in consultation with RBI and permission was granted by the Government on 20.12.1995 for registration of a Preliminary Enquiry. CBI accordingly registered the Preliminary Enquiry on 30.1.1996.

After the recent amendments in the Single Directive in December 1996, two references have been received from CBI seeking the concurrence of the Finance Ministry for registration of two Regular Cases in respect of top executives of two nationalised banks. Necessary action for considering the request of the CBI has been initiated in these cases.

De-Valuation of rupee

4433. SHRI HARIN PATHAK : Will the Minister of FINANCE be pleased to state :

(a) whether there has been devaluation of rupee during the last three years;

(b) if so, the dates on which rupee has been devalued and the extent of increase in the amount of foreign debt as a result thereof on each occasion; and

(c) the future plans of the Government in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) The exchange rate of the rupee is market determined